

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0196P**

**Withholding Tax  
Calendar Years 1996 and 1997**

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1; 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is headquartered in Indiana with one production plant in the state and four production plants out of state. Taxpayer is a Limited Liability Company under Tax-Free Formation of LLC under IRC Section 721 Sub Chapter K. Taxpayer has four corporate partners that are not qualified to do business in the State of Indiana. Taxpayer did not withhold income taxes from the nonresident corporate partners or nonresident trust.

**ISSUE**

I. **Tax Administration** – Penalty

Taxpayer protests the imposition of penalty.

**DISCUSSION**

Taxpayer states it was unaware of the withholding requirements for its corporate partners.  
Taxpayer further states that it deals in four states and Indiana is the only state that required withholding.

45 IAC 3.1-1-107 clearly states that tax is required to be withheld from any and all payments made to nonresident individuals and corporate partners.

Taxpayer did not comply with the regulations nor did it provide reasonable cause to allow the Department to waive the penalties assessed.

### **FINDING**

Taxpayer's protest is denied.